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November 7, 2011

RECEIVED

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PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge
Case No. 2011-00161

The Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge
Case No. 2011-00162

Dear Mr. DeRouen:

Enclosed please find and accept for filing two originals and fifteen copies each of a Joint Response of Kentucky Utilities Company and Louisville Gas and Electric Company to the Joint Motion by Drew Foley, Janet Overman, Gregg Wagner, Rick Clewett, Raymond Berry, Sierra Club and Natural Resources Defense Council to File Corrected Direct Testimony for Dr. Jeremy Fisher in the above-referenced matters. Please confirm your receipt of these filings by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me via our office courier.

Jeff DeRouen
November 7, 2011
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Should you have any questions please contact me at your convenience.

Yours very truly,



Kendrick R. Riggs

KRR:ec
Enclosures
cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2011-00161
AND APPROVAL OF ITS 2011 COMPLIANCE)
PLAN FOR RECOVERY BY)
ENVIRONMENTAL SURCHARGE)**

In the Matter of:

**THE APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR CERTIFICATES)
OF PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2011-00162
AND APPROVAL OF ITS 2011 COMPLIANCE)
PLAN FOR RECOVERY BY ENVIRONMENTAL)
SURCHARGE)**

**JOINT RESPONSE OF KENTUCKY UTILITIES COMPANY AND
LOUISVILLE GAS AND ELECTRIC COMPANY TO THE
JOINT MOTION BY DREW FOLEY, JANET OVERMAN, GREGG WAGNER,
RICK CLEWETT, RAYMOND BARRY, SIERRA CLUB, AND NATURAL
RESOURCES DEFENSE COUNCIL TO FILE CORRECTED DIRECT
TESTIMONY FOR DR. JEREMY FISHER**

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, the “Companies”) hereby respond to the Sierra Club and related parties’ (“Environmental Interveners”) motion to file new testimony in these proceedings. The Companies object to the untimeliness of the filing- less than one week before the hearing, the mischaracterization of “corrections” to testimony as cause to file new testimony, and the Environmental Interveners failure to provide the *Strategist* input and output files supporting the testimony.¹ These acts together and individually prejudice the ability of the Companies to

¹ Late Friday night, November 4, 2011, counsel for the Companies received by email electronic files purporting to contain the work papers for Dr. Fisher’s new testimony and additional supplemental data responses by Dr. Fisher supporting his new testimony. The email indicates this information will be filed with the Commission on Monday, November 7, 2011. The files do not contain the *Strategist* input and output files supporting Dr. Fisher’s new testimony.

address adequately the assertions and arguments proffered by the Environmental Interveners through further written testimony filed before the hearing. To be clear, the Companies will stand ready to address the substance of this new testimony at the hearing on its purported merits, and whether the Environmental Interveners competently used the *Strategist* software to support their new testimony. For these reasons, should the Commission grant the Environmental Interveners' motion to file the new testimony, the Companies respectfully request that the Commission order the Environmental Interveners to provide immediately all the work-papers and Strategist input and output files supporting the testimony, and further request permission to provide responsive testimony during the hearing of these proceedings because the Companies are the parties bearing the burden of proof and there is not sufficient time to prepare written responsive testimony.

In responding to the motion, the Companies desire to point out a number of false or misleading statements in the Environmental Interveners' motion and testimony:

- **Dr. Fisher's new testimony is sur-rebuttal, not "corrected" testimony.** Dr. Fisher's testimony explicitly takes into account the Companies' rebuttal testimony: "I have reviewed the following documents and data prepared by the Companies: ... Companies' Discovery responses and rebuttal testimony."² Responding to rebuttal testimony is sur-rebuttal, not correction. Moreover, a 46-page testimony with 10 pages of "errata" is a wholesale re-write, not a correction.
- **Dr. Fisher's sur-rebuttal testimony is meant to fix Synapse's mistaken conflation of nominal and real values.**³ Dr. Fisher implicitly admits as much: "Dr. Fisher had Ms. Wilson run the model using nominal and not real dollars...."⁴ Again, responding to rebuttal testimony is sur-rebuttal, not "corrected" testimony.
- **The Companies had repeatedly made it known that their modeling inputs, including their fuel forecasts, were in nominal, not real, dollars.** Dr. Fisher misleadingly states that "the Companies clarified in their rebuttal testimony that this was the value the Companies used in their model runs."⁵ The Strategist input and output files the Companies provided on August 5 in response to the Environmental Interveners' First Request for the Production of Documents No. 3 contained only nominal inputs. Moreover, the Companies explicitly stated that the fuel forecasts and other inputs used in

² Fisher "Corrected" Testimony at 5.

³ Sinclair Rebuttal at 6-8.

⁴ Environmental Interveners' Motion at 3.

⁵ Environmental Interveners' Motion at 3.

their analyses were in nominal dollars in their September 1 responses to the Environmental Intervenors' Supplemental Request for Information Nos. 33(b)-(d); the Environmental Intervenors had asked whether such forecasts and inputs were in real or nominal dollars, so it is puzzling that the Environmental Intervenors could have mistakenly treated the forecasts and inputs as being in real dollars. (A copy of the Companies' responses, and of earlier responses to which Nos. 33(b)-(d) refer, are attached hereto as Exhibit 1.) So it was clear that the Companies' modeling was in nominal terms months before they filed their rebuttal testimony.

- **Dr. Fisher's sur-rebuttal testimony abandons the AESC gas price forecast in favor of using the 2011 WoodMac gas price forecast, which is not a mere "correction."** Rather, it is a wholesale substitution of one set of data for another. If Dr. Fisher had desired to use the 2011 WoodMac forecast when he filed his supplemental testimony on September 23, he could have done so: the Companies provided the 2011 WoodMac coal and gas price forecasts as part of their supplemental response to the Commission's first round of data requests (No. 20(b) for KU, No. 18(b) for LG&E), which was filed on September 14, 2011, a full month and a half before the Environmental Intervenors attempted to file Dr. Fisher's "corrected" testimony.
- **The Companies have not changed any assumptions.** Dr. Fisher's sur-rebuttal testimony erroneously asserts that the Companies have "have changed at least one underlying set of assumptions ... concern[ing] forecast natural gas prices."⁶ The Companies have changed no assumptions; the analysis supporting their applications remains the analysis upon which the Companies rely. As Mr. Sinclair's rebuttal testimony clearly states, the Companies believe their fuel forecast—the one upon which their applications rest, not a newer or different forecast—is reasonable (though the others subsequently analyzed by the Companies are reasonable, too).⁷

These concerns notwithstanding, if the Commission grants the untimely motion to submit the new testimony by the Environmental Intervenors, it is imperative that the Commission order the Environmental Intervenors to produce immediately all their supporting work-papers and Strategist input and output files so the Companies, Commission, and other intervenors can examine the new data in the Environmental Intervenors' sur-rebuttal testimony. And the Companies respectfully request that the Commission grant them permission to provide responsive testimony at the hearing; as the parties bearing the burden of proof, the Companies should have the last word.

⁶ Fisher "Corrected" Testimony at 5.

⁷ Sinclair Rebuttal at 9-16.

WHEREFORE, the Companies respectfully request that the Commission to deny the Environmental Interveners' motion to file new testimony, or in the alternative, order the Environmental Interveners to produce forthwith all work-papers and Strategist input and output files supporting the new testimony, and request that the Companies be permitted to provide responsive testimony at the public hearing in these proceedings.

Dated: November 7, 2011

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Joint Response was filed with the Kentucky Public Service Commission, and was served via U.S. mail first-class, postage prepaid, this 7th day of November 2011 upon the following persons:

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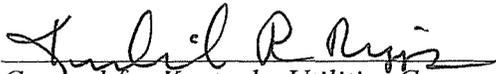
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